

Resources Conference Speech

James Pearson

**Chief Executive
Chamber of Commerce & Industry of WA**

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Good morning Ladies and Gentlemen, my name is James Pearson and I'm the Chief Executive of WA's Chamber of Commerce and Industry.

Welcome to CCI's resource conference.

Welcome, too, to the Minister for Mines, the Hon Norman Moore.

And welcome, CCI members and guests.

We have another strong program for you this year. I welcome our speakers, from industry's leading companies, who are joining us to explore the future of WA's resources sector.

For those of you who would like to listen to our speakers again, and to the individual sessions, you will be able to purchase recordings from CCI. If you would like to know more, please speak to our CCI team members, outside the hall.

Shortly, I will invite our master of ceremonies, Tom Murrell, to come to the stage.

First, though, I want to thank our sponsors, whose generosity enables us to put together today's event; and to say a few words about the issues facing the WA resources sector.

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The WA resources sector continues to be the leading light for the State and National economies.

According to DMP data, the value of sales from WA's mineral and petroleum industry reached a record \$19.6 billion in 2010 – up 49 per cent from the previous year.

And while Iron Ore remains the State's most valuable resource with almost \$50 billion in receipts last year – up a staggering 72 per cent - the petroleum industry is powering ahead with a 36 per cent jump in sales to over \$20 billion in 2010.

We are well on the way to becoming one of the world's largest producers of LNG, based on the mighty NWS gas project that lead the way , projects such as Pluto and Gorgon well underway, the world leading Prelude FLNG project by Shell having recently got the nod and key milestones for the Browse and Wheatstone projects secured in recent weeks.

With a total of \$107 billion worth of mineral and petroleum projects committed or under construction in WA and a further \$194 billion planned or possible as at last March, this is the time to get it right.

There is much to be done to make these pipeline projects a reality.

We face a number of challenges on the workforce front. Labour shortages are becoming critical for many of you.

Add in the erroneously named Fair Work laws – a wolf in sheep’s clothing in ever there was one – and you have a recipe to drive up costs, and trip up projects with increased industrial relations risks.

CCI projects that the State will need over half a million extra workers over the next decade.

Even with our current strong rates of population growth, we are likely to fall over 200,000 workers short.

The resources sector alone will need 70,000 additional workers – we predict a shortfall of almost 30,000.

This week, CCI released the latest *Commonwealth Bank – CCI Survey of Business Expectations*.

We asked WA business about their take up of skilled migration and found that red tape and costs were two key reasons why WA employers who need workers aren't using it enough.

We need to unclog the process to help us get the workers we need.

CCI is leading the call for a fresh approach to Industrial Relations.

Fair Work Australia is not working and change is needed now.

This month CCI launched its latest policy paper, *Industrial Relations for Modern Enterprises*.

The policy is a blueprint for a practical, simple, effective industrial relations system for Australia's 21st Century economy.

If Australia is to realise the potential of this investment boom, we must move on from the adversarial and conflict models of the past.

In recent weeks, more contracts have been awarded to local firms and more pledges made to underwrite research and development in our universities and training for young men and women. That means more opportunities for WA companies, more jobs for Western Australian workers and more money invested

CCI is a strong advocate for WA businesses to have full, fair and reasonable opportunities on projects – large, medium and small.

We also face a Federal Government increasingly unaware of our needs here in WA and looking to 'cash in' on our growth story.

The mining tax and expansion of the Petroleum Resources Rent Tax is a case in point.

Of course, all Australians should share in the wealth of the nation's resources but this should be done in a way that does not jeopardise the future of our mineral and energy sectors.

The mining tax will collect almost \$8bn in its first two years - mostly from WA - but will return just \$2bn over 10 years. This is despite the fact we need increased investment in infrastructure in the North, Mid West and South west to support the resources industry and the related economic growth.

But even this return is under threat following the recent stoush between the Federal and State Government over royalty rises – a stoush CCI has called on both parties to settle immediately.

Of course, the proposed carbon tax is a concern.

CCI continues to acknowledge that a least cost, flexible market based approach to emissions reduction makes sense as the basis for a response to the need to mitigate greenhouse gas emissions.

However, the haste and apparent lack of consultation with which the carbon tax is being developed, and the governments determination to ignore the fact that our main resources industry competitors don't face a carbon tax, is of great concern.

There is also increasing opposition to project development - James Price Point and Vasse Coal are examples - where facts seem to get lost in politics and populism.

This is threatening WA's standing as an attractive place to invest.

The existing robust structures for objective project approvals must be adhered to.

CCI is proud to represent developers, manufacturers, service providers and contractors on issues that can make the difference to projects going ahead on time and on budget or being bogged down in bureaucracy, government imposed cost burdens or needless, ill-informed controversy.

You're writing the next, great chapter in the success of WA's resources industry.

CCI is proud to be part of that story with you